

CENTRAL INTELLIGENCE AGENCY

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with Yugoslavia

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1. The most serious of the economic sanctions imposed by Albania on Yugoslavia following the breach in their relations has been, so far as Yugoslavia is concerned, that affecting oil supplies. These sanctions would appear, however, to be felt even more acutely by the Albanians since none of the Yugoslav specialists, who were recalled in July 1948, had up to 3 September yet been replaced by the promised Soviet experts. Meanwhile Yugoslav communications with Albania have been closed and Yugoslav supplies to Albania cut off.
2. As a result, work is reported to be at a standstill at the Skodar cement works, where the management and personnel consisted of Yugoslav specialists from the Trbovlj cement works; the textile mill in the same city is working only two days a week, because of the lack of raw materials formerly supplied by Yugoslavia.
3. Work has likewise come to a stop at the Tirana oil works since the departure in July 1948 of the seven specialists sent there from the Zagreb oil works in 1947. The tobacco factory at Tirana, which is connected with the Yugoslav Government tobacco factory at Mostar, is working only three days a week, as its stocks are likely to last only three months.
4. Yugoslav technical specialists who have left Albania include the leading engineers engaged in the construction of Albania's first large hydro-electric station at Selita.
5. The break in relations has most seriously affected the building of Albanian fortifications, since all the necessary materials were supplied by Yugoslav factories and workers' collectives, such as the "Doseti Kolovoz" cement workers' collective, the "Sisek" Steel works, the "Avtoput" construction workers' collective, and the "Trepec" iron mine and foundry. The last shipments from these works for the Albanian fortifications arrived at the beginning of July 1948. Since that time the seventeen Yugoslav engineers and thirty-nine Yugoslav foremen and specialists employed in their construction have left for Yugoslavia.
6. Up to the present, only twelve to twenty percent of the scheduled program of construction has been completed, and the Albanian Government, in spite of the strained relations between the two countries, has asked the "Titel" Steel Constructions and Bridge Company to return the fifty specialists who

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left the country in July.

7. Apart from her failure to send the promised experts, the USSR has also failed to supply the 2,000 tractors and combined harvesters Albania was to have received. Similarly, the new buildings of the "Ushtrine Kuqe" textile mill at Tirana still await machinery, as do three shops of the Tirana metallurgical works (one of which is scheduled to manufacture armor plate).
8. As a result of this state of affairs, an investigation of the economic situation has been opened by the following Ministers: Tuk Jakova (Industry), Kiko Ndjela (Finance) and Mehmet Shehu (Communications), co-jointly with the Albanian Trade Unions (Kemal Mirsedil), Chuvakin, the Soviet Minister to Albania, and Arbatov, a special Soviet envoy who arrived in Tirana on 28 August 1948 and was planning to stay until 15 September 1948.
9. There appears to be no question of the Yugoslavs returning, but Sotir Angjeli, who recently returned from Warsaw, spoke of the possibility of obtaining Czech and Polish specialists.

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